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SUBJECT: MACEDONIA: SCENESETTER FOR A/S HILL'S VISIT  
NOVEMBER 12-14

NEED TO SPRINT TO THE NATO MEMBERSHIP FINISH LINE

¶1. (SBU) Welcome back to Skopje! When you arrive, political leaders here will be mulling over the tough message USNATO Ambassador Nuland delivered November 8 during a USG interagency visit to Skopje. Nuland told the government and opposition that Macedonia needs to demonstrate its readiness for NATO membership by "sprinting" the last two miles of the marathon it has been running since it became a NATO MAP aspirant in 1999, or risk not making it. You can help reinforce her message in your one-on-one meetings.

EU PROGRESS REPORT -- "BALANCED AND FAIR"

¶2. (SBU) The EU's annual progress report, released November 6, criticized the lack of political consensus here, slow progress on EU-related reforms, and the lack of effective PM-President cohabitation, among others. The report did not recommend a date for beginning EU accession negotiations. That rebuke of the Gruevski government was expected, but stung nonetheless. Gruevski responded positively, however, characterizing the report as "balanced and realistic." He noted the achievements it mentioned (for which he took credit), insinuated that the opposition was to blame for many of the country's shortcomings, and said the government would continue to work toward a date for beginning membership talks (Macedonia became an EU candidate country in December 2005).

KEY ISSUES FOR NATO MEMBERSHIP

¶3. (SBU) We and the Europeans are pressing the Macedonian government (GOM) and opposition on critical NATO and EU membership-related issues. But first, the good news:

--Macedonia has made good anti-TIP progress this year, moving from a Tier II Watchlist candidate to a solid Tier II performer. The government also has shown progress on the anti-corruption front, jumping from 105th place on Transparency International's corruption perception index in 2006 to 84th place this year. The government has actively pursued corruption investigations and prosecutions, although some cases clearly have been motivated by partisan considerations (including the ongoing prosecution of former PM Buckovski).

--Framework Agreement (FWA) implementation has progressed, with phase II of decentralization having begun as scheduled in 42 of Macedonia's 84 municipalities in July of this year,

and continued hiring of ethnic Albanian and other minorities to implement equitable representation. But more remains to be done. The GOM needs to work with the remaining 42 municipalities to prepare them to take part in phase II of decentralization. Despite its oft-touted "tripling of the equitable representation budget for 2007," the government also needs to clear up the currently murky process for hiring ethnic minorities with transparent, fair, and non-partisan hiring guidelines.

--Macedonia is showing positive economic performance, with the country recently ranked by the World Bank as one of the top 10 "most improved" countries in carrying out business environment reforms. Gruevski has raised public sector wages and cut VAT rates on some key consumer items, which has helped keep his poll numbers strong. Starting in 2008, personal and corporate tax rates will fall from 12 percent to 10 percent (flat tax), one of the lowest tax rates in Europe.

--Rounding out its achievements, the GOM passed this year a liberal religious freedom law which generally meets ODIHR standards for protecting religious freedom. The GOM just submitted for parliamentary approval a decision calling for doubling Macedonia's contributions in Iraq -- by an additional platoon -- and MOD Elenovski says Macedonia also is considering a future increase in its troop contributions in Afghanistan (President Crvenkovski paid a morale-booster visit to ARM troops in ISAF October 10-11). Although cohabitation remains poor, President Crvenkovski recently accepted PM Gruevski's offer to meet monthly to "harmonize positions on strategic issues." Macedonia also successfully hosted the NATO EAPC Security Summit in June, demonstrating it could tackle the logistics and security challenge of hosting 49 delegations for the event, including the NATO Secretary General.

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NATO BID IN THE BALANCE: NEED TO SPRINT, NOT LIMP, TO THE FINISH LINE IF YOU WANT TO CROSS IT.

14. (SBU) Despite positive accomplishments, movement on key political criteria has practically ground to a halt. There has been some slight movement on two of the five points in the May 29 VMRO-DUI agreement that ended DUI's boycott of parliament, but the two main issues -- a draft language law and a social package for former insurgents -- are stuck in a quagmire of political gamesmanship on both sides. (Note: The main points of the US/EU-brokered May 29 agreement between governing VMRO and ethnic Albanian opposition DUI are: codifying a list of 46 laws that would require qualified (Badinter) majority voting; recomposing the parliamentary committee on inter-ethnic relations; submitting a draft language law for parliamentary consideration, and concluding a deal on a social benefits package for victims of the 2001 conflict. End note.)

15. (SBU) The government holds the key to de-blocking the process, but too often has preferred to blame others for the deadlock. DUI and Gruevski ally DPA also are at loggerheads, despite a recent attempt by Albania's President to nudge both sides toward rapprochement. The two ethnic Albanian parties are being blamed in the media for direct or indirect links to recent incidents near the border with Kosovo that have involved arms smuggling, movements of criminal elements, and a recent shoot-out between rival criminal groups. Some local analysts (incorrectly, in our view) have assessed those incidents as "security challenges" that could be destabilizing as Kosovo status deadlines approach (see para 11, below).

16. (SBU) The government has managed to fill four of the remaining five seats on the 15-member State Judicial Council (SJC), which has allowed the SJC to fully function,

permitting key judicial reforms to proceed. It achieved that goal, however, through a tactical end run around the President and ethnic Albanian opposition DUI, which has further damaged relations with DUI. Gruevski has rejected the President's proposal to fill the remaining seat to complete the SJC. By alienating DUI, Gruevski also has ensured a tough slog as the MOI moves to implement the law on police (required for NATO membership), which will require DUI buy-in.

¶17. (SBU) Our message to the GOM accordingly has been hard-hitting:

"If you do not change the way you are working, if you fail to work with the opposition to build consensus on May 29 implementation, completion of the SJC, and implementation of the police law -- among others -- you will have failed to meet NATO criteria. The image you convey in implementing priority tasks -- whether you bypass the opposition or work to build consensus -- is critical to promoting your candidacy with other NATO allies. We will press the opposition to be flexible as well. But you are responsible for following through to change the current negative atmosphere. Your NATO bid hangs in the balance."

¶18. (SBU) We have delivered to the opposition an equally tough message about acting responsibly: "Now is not the time for partisan gamesmanship or filibusters that could endanger Macedonia's NATO bid. Not just Gruevski, but DUI's president Ahmeti too needs to abide by the May 29 agreement. Short-term partisan gains could cost your country its NATO candidacy. All must demonstrate flexibility and a readiness to compromise for Macedonia's sake."

COURSE CORRECTION ALSO NEEDED ON THE NAME ISSUE

¶19. (SBU) The GOM has, by and large, tried to act with restraint on the name issue, despite Greek threats to veto Macedonia's NATO candidacy if Skopje does not agree to a compromise solution before the Bucharest Summit in April 2008, and despite missteps by both UNGA President Srjan Kerim and President Crvenkovski at the UNGA in September that understandably provoked strong Greek reactions. During negotiations on the name in New York November 1, UN Special Envoy Nimetz proposed guidelines and principles for moving toward a solution, which FM Milososki initially described as "generally positive."

¶110. (SBU) The Prime Minister, however, in a public statement

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the next day rejected the key point in the proposal that would require Macedonia to use a differentiated name for international use. That statement violated Nimetz's request for confidentiality and undermined the overall process. Even though we are not asking Macedonia to change its constitutional name, we are urging both sides to refrain from provocations and "study the Nimetz paper with an open mind and with a view toward finally resolving differences and reaching a solution to the issue."

SUCCESSFUL POLICE ACTION TARGETS CRIMINAL GROUP IN NORTHWEST

¶111. (SBU) On November 7, the Ministry of Interior (MOI) carried out a major police operation around Brodec, near the Kosovo border, aimed at a group of 30-40 criminals, including several escapees from a Kosovo prison. The group was suspected of, inter alia, arms smuggling and planning attacks on local police stations. According to the MOI, several hundred police were involved in the operation, which our ICITAP adviser and his OSCE colleague assessed as having been conducted professionally. The MOI reported that six members of the group were killed in exchanges of gunfire with police, but there were no civilian casualties officially reported; one police officer was lightly wounded during the operation. Police also discovered a large cache of ammunition,

explosives, and weapons (including MANPADs and RPGs) at the  
site of the incident.  
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